



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

(Expressed in Canadian Dollars)

As at:	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	\$ 1,816,325	\$ 1,532,698
Equity investments (Note 5)	216,715	739,729
Receivables (Notes 7 and 14)	18,376	31,884
Prepaid expenses and deposits (Note 14)	49,246	59,379
Total current assets	2,100,662	2,363,690
Non-current assets		
Long-term deposits (Note 14)	123,098	123,098
Property and equipment (Note 8)	6,871	8,533
Right-of-use asset (Note 9)	136,338	181,564
Mineral and royalty interests (Note 11)	37,890	126,667
Investment in associate (Note 10)	1	1
Total non-current assets	304,198	439,863
TOTAL ASSETS	\$ 2,404,860	\$ 2,803,553
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 14)	\$ 130,648	\$ 84,332
Current portion of lease liability (Note 9)	70,492	64,260
	201,140	148,592
Non-current liabilities		
Lease liability (Note 9)	100,746	154,631
Total liabilities	301,886	303,223
Shareholders' equity		
Share capital (Note 12)	56,728,904	56,723,224
Obligation to issue shares (Note 14)	96,875	73,750
Other equity reserve	7,260,439	7,262,369
Deficit	(58,214,144)	(58,261,752)
Accumulated other comprehensive loss	(3,769,100)	(3,297,261)
Total shareholders' equity	2,102,974	2,500,330
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,404,860	\$ 2,803,553

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON NOVEMBER 21, 2022 BY:

"Bruce Smith", Director
Bruce Smith

"William Katzin", Director
William Katzin

The accompanying notes form an integral part of these condensed interim consolidated financial statements

RADIUS GOLD INC.
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)
AND OTHER COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Exploration expenditures (Note 14)	\$ 172,255	\$ 242,398	\$ 554,892	\$ 524,841
Write-down of mineral property interests	-	-	-	117,816
	<u>172,255</u>	<u>242,398</u>	<u>554,892</u>	<u>642,657</u>
General and administrative expenses				
Amortization (Note 8)	517	4,643	1,662	14,359
Depreciation of right-of-use asset (Note 9)	15,241	15,241	45,226	45,226
Interest expense on lease liability (Note 9)	4,394	5,864	14,162	18,390
Legal and audit fees	-	198	1,542	1,557
Management fees (Note 14)	16,500	16,500	49,500	49,500
Office and miscellaneous (Note 14)	2,121	6,071	9,793	21,341
Salaries and benefits (Note 14)	35,064	25,324	104,062	76,886
Share-based compensation (Notes 13 and 14)	-	-	23,125	23,535
Shareholder communications (Note 14)	16,661	39,097	37,065	60,881
Transfer agent and regulatory fees (Note 14)	1,949	2,820	17,210	16,587
Travel and accommodation (Note 14)	17,320	2,791	33,487	4,139
	<u>109,821</u>	<u>118,549</u>	<u>336,834</u>	<u>332,401</u>
Loss from operations	(282,076)	(360,947)	(891,726)	(975,058)
Investment income	3,433	669	5,280	2,465
Foreign currency exchange gain	47,114	16,660	74,531	8,497
Gain from mineral property option agreements	-	-	859,523	488,705
Gain on sale of equipment	-	12,964	-	62,964
Fair value loss on derivative investments (Note 6)	-	(1)	-	(3,589)
Net income (loss) for the period	\$ (231,529)	\$ (330,655)	\$ 47,608	\$ (416,016)
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Loss on sale of equity investments (Note 5)	-	-	(401,465)	-
Fair value losses on equity investments (Note 5)	(142,786)	(251,042)	(70,374)	(266,514)
Total comprehensive loss	\$ (374,315)	\$ (581,697)	\$ (424,231)	\$ (682,530)
Basic and diluted income (loss) per share	\$(0.00)	\$(0.00)	\$0.00	\$(0.01)
Weighted average number of common shares outstanding	87,254,148	87,243,550	87,247,121	87,221,572

The accompanying notes form an integral part of these condensed interim consolidated financial statements

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Obligation to issue shares	Other equity reserve	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2020	87,118,550	\$ 56,694,261	\$ -	\$ 7,171,487	\$ (3,116,809)	\$ (57,369,104)	\$ 3,379,835
Loss for the period	-	-	-	-	-	(416,016)	(416,016)
Options exercised	125,000	18,750	-	-	-	-	18,750
Transfer of other equity reserve on exercise of options	-	10,213	-	(10,213)	-	-	-
Equity investments	-	-	-	-	(266,514)	-	(266,514)
Share-based compensation	-	-	-	23,535	-	-	23,535
Balance, September 30, 2021	87,243,550	56,723,224	-	7,184,809	(3,383,323)	(57,785,120)	2,739,590
Loss for the period	-	-	-	-	-	(476,632)	(476,632)
Obligation to issue shares	-	-	73,750	-	-	-	73,750
Equity investments	-	-	-	-	86,062	-	86,062
Share-based compensation	-	-	-	77,560	-	-	77,560
Balance, December 31, 2021	87,243,550	56,723,224	73,750	7,262,369	(3,297,261)	(58,261,752)	2,500,330
Income for the period	-	-	-	-	-	47,608	47,608
Obligation to issue shares	-	-	23,125	-	-	-	23,125
Options exercised	25,000	3,750	-	-	-	-	3,750
Transfer of other equity reserve on exercise of options	-	1,930	-	(1,930)	-	-	-
Equity investments	-	-	-	-	(471,839)	-	(471,839)
Balance, September 30, 2022	87,268,550	\$ 56,728,904	\$ 96,875	\$ 7,260,439	\$ (3,769,100)	\$ (58,214,144)	\$ 2,102,974

The accompanying notes form an integral part of these condensed interim consolidated financial statements

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (231,529)	\$ (330,655)	\$ 47,608	\$ (416,016)
Items not involving cash:				
Amortization	571	4,643	1,662	14,359
Depreciation of right-of-use asset	15,241	15,241	45,226	45,226
Gain from mineral property option agreement	-	-	(859,523)	(488,705)
Gain on sale of equipment	-	(12,964)	-	(62,964)
Write-down of mineral property interest	-	-	-	117,816
Fair value loss on derivative investments	-	1	-	3,589
Share-based compensation	-	-	23,125	23,535
	(215,717)	(323,734)	(741,902)	(763,160)
Changes in non-cash working capital items:				
Receivables	1,766	128,159	13,508	(2,703)
Prepaid expenses and deposits	(738)	1,165	10,133	(45,280)
Accounts payable and accrued liabilities	(93,844)	(19,111)	46,316	696
Cash used in operating activities	(308,533)	(213,521)	(671,945)	(810,447)
FINANCING ACTIVITIES				
Proceeds on issuance of common shares	3,750	-	3,750	18,750
Repayment of lease obligation	(16,210)	(14,262)	(47,652)	(41,986)
Cash used for financing activities	(12,460)	(14,262)	(43,902)	(23,236)
INVESTING ACTIVITIES				
Purchase of equity investments	-	-	-	(26,065)
Expenditures on exploration and evaluation asset acquisition costs	-	-	(823,851)	(129,655)
Proceeds from mineral property option agreements	150,743	-	1,772,150	562,530
Proceeds from sale of equity investments	-	-	51,175	-
Proceeds from sale of equipment	-	12,964	-	62,964
Purchase of property and equipment	-	-	-	(4,416)
Cash provided by investing activities	150,743	12,964	999,474	465,358
Increase (decrease) in cash and cash equivalents	(170,250)	(214,819)	283,627	(368,325)
Cash and cash equivalents, beginning of period	1,986,575	2,069,866	1,532,698	2,223,372
Cash and cash equivalents, end of period	\$ 1,816,325	\$ 1,855,047	\$ 1,816,325	\$ 1,855,047

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Radius Gold Inc. (the “Company”) was formed by the amalgamation of Radius Explorations Ltd. and PilaGold Inc. effective on July 1, 2004 under the laws of British Columbia.

The Company is engaged in the acquisition and exploration of mineral properties and investment in companies which hold mineral property interests. The address of the Company’s head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis as modified by any revaluation of financial assets measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian dollars (“CDN”), which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

At the time these condensed interim consolidated financial statements were prepared, the COVID-19 pandemic continued to cause significant disruptions to the global economy and increased volatility in the global financial markets. While the COVID-19 pandemic has not significantly impacted the Company’s operations during the current period, the extent to which COVID-19 may adversely impact the Company’s business and financing opportunities going forward will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

Details of the Company’s principal subsidiaries at September 30, 2022 are as follows:

Name	Place of Incorporation	Interest %	Principal Activity
Minerales Sierra Pacifico S.A.	Guatemala	100%	Exploration company
Geometales Del Norte-Geonorte S.A. de C.V.	Mexico	100%	Exploration company
Radius (Cayman) Inc.	Cayman Islands	100%	Investment Holding company

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company can exercise significant influence over Rackla Metals Inc. (“Rackla”).
- b) The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.
- c) The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company.
If, after exploration and evaluation assets is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available.
- d) The determination of when receivables are impaired requires significant judgment as to their collectability.
- e) The Company applies judgement in determining whether a contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.
- f) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.

The key estimates applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

- b) In estimating the fair value of share-based payments and derivative instruments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.
- c) The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company does not hold any deposits with maturities of greater than three months from the date of acquisition. Cash at banks earns interest at floating rates based on daily bank deposit rates. As at September 30, 2022 and December 31, 2021, cash and cash equivalents is comprised of the following:

	September 30, 2022	December 31, 2021
Cash	\$ 1,124,589	\$ 498,043
Cash equivalents	691,736	1,034,655
	\$ 1,816,325	\$ 1,532,698

5. EQUITY INVESTMENTS

The Company's equity investments consist of the following:

Number of common shares held as at:	September 30, 2022	December 31, 2021
Coloured Ties Capital Inc. ("Coloured Ties")	-	107,200
Medgold Resources Corp. ("Medgold")	10,126,500	10,126,500
Metallum Resources Inc. ("Metallum")	-	20,000
Volcanic Gold Mines Inc. ("Volcanic")	830,412	830,412
Warrior Gold Inc. ("Warrior")	-	233,781

The fair value of the equity investments is set out below:

	Coloured Ties	Medgold	Metallum	Volcanic	Warrior	Total
Balance, December 31, 2020	\$ 29,900	\$ 506,325	\$ 3,800	\$ 338,321	\$ 21,040	\$ 899,386
Acquisition of shares	-	-	-	26,065	-	26,065
Disposition of shares	(9,828)	-	(6,300)	-	-	(16,128)
Net change in fair value recorded in other comprehensive loss	17,984	(253,162)	4,000	67,428	(5,844)	(169,594)
Balance, December 31, 2021	38,056	253,163	1,500	431,814	15,196	739,729
Disposition of shares	(135,140)	-	(267,500)	-	(50,000)	(452,640)
Net change in fair value recorded in other comprehensive loss	97,084	(202,530)	266,000	(265,732)	34,804	(70,374)
Balance, September 30, 2022	\$ -	\$ 50,633	\$ -	\$ 166,082	\$ -	\$ 216,715

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

5. EQUITY INVESTMENTS (cont'd)

Metallum and Volcanic each have one common director with the Company, namely, Simon Ridgway. All of the Company's equity investment companies are publicly listed companies as of September 30, 2022.

During the nine months ended September 30, 2022, the Company completed the following transactions:

- i) Sold 20,000 common shares of Metallum for net proceeds of \$1,575 and recorded a loss of \$265,925 on the sale in other comprehensive income.
- ii) Sold 233,781 common shares of Warrior for net proceeds of \$15,936 and recorded a loss of \$34,064 on the sale in other comprehensive income.
- iii) Sold 107,200 common shares of Coloured Ties for net proceeds of \$33,664 and recorded a loss of \$101,476 on the sale in other comprehensive income

The Company also held 3,973,275 free trading common shares of Rackla with a fair value of \$1,231,715 as of September 30, 2022, which are recorded as an investment in associate (Note 10).

6. DERIVATIVE INVESTMENTS

Number of share purchase warrants held as at:

	September 30, 2022	December 31, 2021
Metallum	-	68,568
Volcanic	-	160,714

	Metallum	Volcanic	Total
Balance, December 31, 2020	\$ 1,365	\$ 2,224	\$ 3,589
Net change in fair value recorded in net loss	(1,365)	(2,224)	(3,589)
Balance, December 31, 2021 and September 30, 2022	\$ -	\$ -	\$ -

During the period ended September 30, 2022, all share purchase warrants held by the Company in Metallum and Volcanic expired unexercised.

7. RECEIVABLES

	September 30, 2022	December 31, 2021
Royalty receivable	\$ 784,180	\$ 784,180
Provision for impairment	(784,180)	(784,180)
Royalty revenue receivable, net	-	-
Sales taxes	6,534	14,277
Other receivables	11,842	17,607
	\$ 18,376	\$ 31,884

The provision for impairment of the royalty receivable was included in profit or loss during the 2016 fiscal year. Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The royalty revenue receivable was uncollected as of September 30, 2022 as the Company has allowed Kappes, Cassiday & Associates ("KCA") to defer payment of the balance while KCA continues a legal strategy to overturn the suspension of operations of its mine-site and seek compensation from the Guatemalan authorities, from which the Company would seek to benefit as well.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost						
Balance, December 31, 2020	\$ 253,095	\$ 252,728	\$ 62,656	\$ 84,882	\$ 4,665	\$ 658,026
Additions	-	4,416	-	-	-	4,416
Disposals	(215,638)	-	(7,343)	-	-	(222,981)
Balance, December 31, 2021	37,457	257,144	55,313	84,882	4,665	439,461
Disposals	-	(252,068)	-	(28,278)	-	(280,346)
Balance, September 30, 2022	\$ 37,457	\$ 5,076	\$ 55,313	\$ 56,604	\$ 4,665	\$ 159,115
Accumulated amortization						
Balance, December 31, 2020	\$ 246,665	\$ 249,065	\$ 58,171	\$ 79,246	\$ 3,135	\$ 636,282
Charge for period	6,430	4,055	4,485	1,127	1,530	17,627
Disposals	(215,638)	-	(7,343)	-	-	(222,981)
Balance, December 31, 2021	37,457	253,120	55,313	80,373	4,665	430,928
Charge for period	-	986	-	676	-	1,662
Disposals	-	(252,068)	-	(28,278)	-	(280,346)
Balance, September 30, 2022	\$ 37,457	\$ 2,038	\$ 55,313	\$ 52,771	\$ 4,665	\$ 152,244
Carrying amounts						
At December 31, 2021	\$ -	\$ 4,024	\$ -	\$ 4,509	\$ -	\$ 8,533
At September 30, 2022	\$ -	\$ 3,038	\$ -	\$ 3,833	\$ -	\$ 6,871

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16 on January 1, 2019, the Company recognized \$362,969 for an ROU asset and \$362,969 for a lease liability.

The continuity of the ROU asset and Lease liability for the period ended September 30, 2022 is as follows:

Right-of-use asset	
Value of right-of-use asset recognized as at December 31, 2020	\$ 242,031
Depreciation	(60,467)
Value of right-of-use asset as at December 31, 2021	181,564
Depreciation	(45,226)
Value of right-of-use asset as at September 30, 2022	\$ 136,338
Lease liability	
Lease liability recognized as of December 31, 2020	\$ 275,487
Lease payments	(80,501)
Lease interest	23,905
Lease liability recognized as of December 31, 2021	218,891
Lease payments	(61,814)
Lease interest	14,161
Lease liability recognized as of September 30, 2022	\$ 171,238

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY (cont'd)

<u>Lease liability</u>	
Current portion	\$ 70,492
Long-term portion	100,746
	<u>\$ 171,238</u>

10. INVESTMENT IN ASSOCIATE

Rackla

As at September 30, 2022, the Company held 3,973,275 (December 31, 2021: 3,973,275) common shares of Rackla, representing 8.7% (December 31, 2021: 11.4%) of Rackla's outstanding common shares. Although the Company holds less than 20% of the ownership interest and voting control of Rackla, the Company has the ability to exercise significant influence through both its shareholding and the number of common directors with Rackla. As such, Rackla meets the definition of an associate and has been equity accounted for in the condensed interim consolidated financial statements.

The following table shows the continuity of the Company's interest in Rackla for the period ended September 30, 2022:

<u>Balance, December 31, 2021 and September 30, 2022</u>	<u>\$ 1</u>
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Prior to the 2015 fiscal year the Company's share of losses in Rackla exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. The cumulative unrecognized share of losses for the associate as of September 30, 2022 is \$848,082 (December 31, 2021: \$715,782).

The financial statement balances of Rackla are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Total current assets	\$ 1,129,572	\$ 35,036
Total assets	\$ 1,256,971	\$ 1,319,441
Total liabilities	\$ 162,863	\$ 294,671
Net loss	\$ 1,515,037 ⁽¹⁾	\$ 221,818 ⁽²⁾

⁽¹⁾ Net loss for nine month period ended September 30, 2022.

⁽²⁾ Net loss for the year ended December 31, 2021.

At September 30, 2022, the fair value of the 3,973,275 common shares of Rackla was \$1,231,715 (December 31, 2021: \$1,609,176) based on the market price of the common shares of Rackla.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars)

11. MINERAL PROPERTY AND ROYALTY INTERESTS

Acquisition costs	Mexico	United States	Guatemala	Total
Balance, December 31, 2020	\$ 33,332	\$ 117,816	\$ 1	\$ 151,149
Additions – cash	249,512	-	-	249,512
Acquisition costs recovered	(156,178)	-	-	(156,178)
Write-off acquisition costs	-	(117,816)	-	(117,816)
Balance, December 31, 2021	126,666	-	1	126,667
Additions – cash	823,851	-	-	823,851
Acquisition costs recovered	(912,628)	-	-	(912,628)
Balance, September 30, 2022	\$ 37,889	\$ -	\$ 1	\$ 37,890

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history, characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Details of the Company's mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2021. Significant exploration and evaluation asset transactions that have occurred since January 1, 2022 are as follows:

Amalia Project (including the Palmillas Property) - Mexico

In 2017, the Company signed a binding agreement with a private individual to option the Amalia Project in the State of Chihuahua, Mexico. The Company earned a 100% interest in the Amalia Project by making staged payments over a period of five years totaling US\$850,000 cash (of which the final amount of US\$600,000 was paid during the period ended September 30, 2022) and issuing US\$15,000 in shares of the Company prior to the 2021 fiscal year.

In 2018, the Company entered into an option agreement with Pan American Silver Corp. ("Pan American") whereby Pan American earned an initial 65% interest in the Amalia Project and the Palmillas Property (described below) by making cash payments to the Company totaling US\$1.5 million, of which the final amount of US\$700,000 was received during the period ended September 30, 2022, and expending US\$2.0 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to a preliminary feasibility stage. The final option payment of \$859,523 (US\$700,000) received during the current period was recorded as a gain from mineral property option agreements (2021: \$488,705).

In November 2019, the Company signed a binding agreement with a private family to option the Palmillas Property that adjoins the Amalia Project in the State of Chihuahua, Mexico. The Company can earn a 100% interest in the Palmillas Property by completing staged payments over a period of five years totaling US\$350,000, of which the final payment is US\$200,000 at the end of five years. As of September 30, 2022, cash payments totaling \$76,817 (US\$60,000) have been paid, of which \$18,955 (US\$15,000) was paid during the period ended September 30, 2022. If the Company exercises the option, the owners will retain a 1% NSR royalty.

Pursuant to the Company's option agreement with Pan American on the Amalia Project, Pan American elected during the 2020 fiscal year to pay the acquisition costs of the Palmillas Property and add the property to the Amalia Project. During the period ended September 30, 2022, the Company received \$18,955 (US\$15,000) from Pan American to reimburse Radius for Palmillas option payments made to the Palmillas Property owner.

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11. MINERAL PROPERTY AND ROYALTY INTERESTS (cont'd)

Plata Verde Project - Mexico

During the 2020 fiscal year, the Company entered into option agreements with local concession holders to acquire the Plata Verde Project which consists of the Don Benja and Don Jose concessions located in the State of Chihuahua, Mexico.

The Company can earn a 100% interest in the Don Benja concession by making staged payments to the concession owner totaling US\$801,000 over four years, of which the final payment is US\$400,000 at the end of the fourth year. As of September 30, 2022, the Company has made payments totaling \$127,608 (US\$101,000), of which \$50,469 (US\$40,000) was paid during the period ended September 30, 2022. Subsequent to the period end, another option payment of US\$50,000 was made. The concession holder retains a 1% NSR royalty which the Company can buy back for US\$1,000,000.

The Company can earn a 100% interest in the Don Jose concession by making staged payments to the concession owner totaling US\$500,000 over four years, of which the final payment is US\$185,000 at the end of the fourth year. As of September 30, 2022, the Company has made payments totaling \$23,624 (US\$18,000), of which \$11,498 (US\$9,000) was paid during the period ended September 30, 2022. Subsequent to the period end, another option payment of US\$50,000 was made. If the Company exercises the option, the concession holder will retain a 1% NSR royalty which the Company can buy back for US\$600,000.

During the period ended September 30, 2022, the Company entered into an exclusivity agreement with Fresnillo plc ("Fresnillo") whereby Fresnillo has the exclusive right for nine months to negotiate with the Company the terms of an option to earn a 70% interest in the Plata Verde Project. Pursuant to this agreement, Fresnillo has made payments totaling US\$304,000 to the Company as follows:

- i) US\$100,000 upon signing the exclusivity agreement;
- ii) US\$65,000 to reimburse underlying property option payments;
- iii) US\$103,600 to clear historic back taxes and return the property to full legal compliance; and
- iv) US\$35,400 for investment costs at the project.

Of the payments set out above, as of September 30, 2022, the Company received a total of \$304,890 (US\$233,000), of which \$150,744 was recorded as a recovery against accumulated capitalized mineral property costs for the Plata Verde Project and \$154,146 was recorded as a cost recovery against exploration expenditures for the period ended September 30, 2022. The remaining payments totaling US\$71,000 were received by the Company subsequent to the period end.

Southeast Guatemala Ag-Au Epithermal Fields - Guatemala

In May 2020, the Company signed an agreement whereby it granted to Volcanic the exclusive option to acquire a 60% interest in the Company's Holly and Banderas gold-silver properties. The agreement also granted to Volcanic the exclusive right until September 1, 2022 to evaluate the Company's other land holdings in Guatemala and to enter into an agreement to acquire an interest in any of such other properties on reasonable mutually agreed upon terms. Pursuant to an amending agreement dated November 21, 2022, the Company has agreed, subject to stock exchange approval, to extend this right until September 1, 2023.

12. SHARE CAPITAL AND RESERVES

Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended September 30, 2022, a total of 25,000 stock options were exercised for proceeds of \$3,750. The Company reallocated the fair value of these options previously recorded in the amount of \$1,930 from other equity reserve to share capital.

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13. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (“TSX-V”) under which it is authorized to grant options up to 10% of its outstanding shares to officers, directors, employees, and consultants. The exercise price of each option is not less than the closing market price of the Company’s stock on the trading day prior to the date of grant. Options granted to investor relations personnel vest in accordance with TSX-V regulations. The options are for a maximum term of ten years.

The following is a summary of changes in options for the period ended September 30, 2022:

Grant date	Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
				Granted	Exercised	Expired / forfeited		
Dec 13, 2012	Dec 12, 2022	\$0.20	1,495,000	-	-	-	1,495,000	1,495,000
Oct 19, 2016	Oct 18, 2026	\$0.15	1,230,000	-	-	-	1,230,000	1,230,000
May 22, 2018	May 21, 2028	\$0.15	1,490,000	-	(25,000)	-	1,465,000	1,465,000
Nov 5, 2018	Nov 4, 2028	\$0.15	75,000	-	-	-	75,000	75,000
Oct 8, 2019	Oct 7, 2029	\$0.25	850,000	-	-	-	850,000	850,000
Mar 16, 2020	Mar 15, 2030	\$0.15	280,000	-	-	-	280,000	280,000
Dec 9, 2020	Dec 8, 2030	\$0.27	50,000	-	-	-	50,000	50,000
Feb 11, 2021	Feb 10, 2031	\$0.34	50,000	-	-	-	50,000	50,000
Mar 4, 2021	Mar 3, 2031	\$0.24	50,000	-	-	-	50,000	50,000
Oct 26, 2021	Oct 25, 2031	\$0.34	300,000	-	-	-	300,000	300,000
			5,870,000	-	(25,000)	-	5,845,000	5,845,000
		Weighted average exercise price	\$0.19	-	\$0.15	-	\$0.19	\$0.19

b) Fair Value of Options Granted During the Period

There were no options granted during the period ended September 30, 2022.

The weighted average remaining contractual life of the options outstanding at September 30, 2022 is 4.46 years (December 31, 2021: 5.21 years).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options.

c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions recognized during the period ended September 30, 2022 as part of share-based compensation expense was \$23,125 (2021: \$23,535).

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14. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended September 30, 2022 and 2021 with related parties who consisted of directors, officers and the following companies with common directors:

<u>Related party</u>	<u>Nature of transactions</u>
Mill Street Services Ltd. ("Mill Street")	Management fees
Gold Group Management Inc. ("Gold Group")	Shared general and administrative expenses
Volcanic	Exploration support
Rackla (Associate)	Exploration support

In addition to related party transactions disclosed elsewhere in the condensed interim consolidated financial statements, the Company incurred the following expenditures charged by non-key management officers and companies which have common directors with the Company in the periods ended September 30, 2022 and 2021:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General and administrative expenses:				
Salaries and benefits	\$ 2,560	\$ 4,480	\$ 9,120	\$ 11,600
Exploration expenditures:				
Salaries and benefits	4,319	-	12,732	-
	<u>\$ 6,879</u>	<u>\$ 4,480</u>	<u>\$ 21,852</u>	<u>\$ 11,600</u>

The Company reimburses Gold Group, a company controlled by Simon Ridgway, a Director of the Company, for shared administrative costs and other business-related expenses paid by Gold Group on behalf of the Company. During the periods ended September 30, 2022 and 2021, the Company reimbursed Gold Group the following:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General and administrative expenses:				
Office and miscellaneous	\$ 9,626	\$ 7,325	\$ 26,654	\$ 23,805
Shareholder communications	5,144	4,429	10,470	14,300
Salaries and benefits	33,607	24,401	99,689	72,993
Transfer agent and regulatory fees	166	1,345	2,644	4,310
Travel and accommodation	4,695	2,648	8,360	3,482
	<u>\$ 53,238</u>	<u>\$ 40,148</u>	<u>\$ 147,817</u>	<u>\$ 118,890</u>

Gold Group salary and benefits costs for the periods ended September 30, 2022 and 2021 include those for the Chief Financial Officer and Corporate Secretary.

During the period ended September 30, 2022, the Company charged \$4,482 (2021: \$33,210) to Volcanic, a company which has a common director with the Company, for shared exploration personnel costs.

During the period ended September 30, 2022, the Company charged \$20,825 (2021: \$821) to Rackla, a company which has three common directors with the Company, for shared exploration personnel costs.

Receivables include an amount of \$11,842 (December 31, 2021: \$Nil) owed from Rackla, \$Nil (December 31, 2021: \$2,500) owed from Volcanic, and \$Nil (December 31, 2021: \$15,106) owed from Gold Group.

Prepaid expenses and deposits include an amount of \$7,020 (December 31, 2021: \$10,530) paid to Gold Group for shared office and administrative services.

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14. RELATED PARTY TRANSACTIONS (cont'd)

Long-term deposits include an amount of \$60,000 (December 31, 2021: \$60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement.

Accounts payable and accrued liabilities include \$21,090 (December 31, 2021: \$Nil) payable to Gold Group for shared administrative costs, \$19,209 (December 31, 2021: \$Nil) to Bruce Smith, the President and Chief Executive Officer of the Company, for management fees, and \$21,201 (December 31, 2021: \$Nil) payable to Volcanic for shared exploration costs.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Geological fees included in exploration expenditures	\$ 39,000	\$ 39,000	\$ 117,000	\$ 117,000
Management fees	16,500	16,500	49,500	49,500
Salaries and benefits*	7,042	6,750	21,884	20,042
Share-based payments – fair value of shares to be issued	-	-	23,125	-
	\$ 62,542	\$ 62,250	\$ 211,509	\$ 186,542

*Included in reimbursements to Gold Group

Key management compensation includes management and geological fees paid to Mill Street, a company controlled by Simon Ridgway, a Director of the Company.

As at September 30, 2022, the Company has an obligation to issue 375,000 common shares to the President and Chief Executive Officer of the Company per the terms of a shares for services agreement dated January 1, 2021. A share-based compensation expense of \$23,125 (2021: \$Nil) was recorded during the period ended September 30, 2022 for the fair value of 125,000 shares that became due to be issued during that period.

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15. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to mineral exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets were located in Canada, Guatemala, Mexico, Cayman Islands and formerly the USA. Details of identifiable assets by geographic segments are as follows:

Period ended September 30, 2022	Canada	Guatemala	Mexico	Other	Consolidated
Exploration expenditures	\$ -	\$ 64,194	\$ 425,566	\$ 65,132	\$ 554,892
Gain from mineral property option agreements	-	-	859,523	-	859,523
Investment income	5,280	-	-	-	5,280
Amortization	1,558	-	104	-	1,662
Depreciation on right-of-use asset	45,226	-	-	-	45,226
Interest expense on lease liability	14,162	-	-	-	14,162
Net loss	(246,922)	(64,194)	430,307	(71,583)	47,608
Capital expenditures*	-	-	823,851	-	823,851

Period ended September 30, 2021	Canada	USA	Guatemala	Mexico	Other	Consolidated
Exploration expenditures	\$ -	\$ 11,838	\$ 41,385	\$ 445,598	\$ 26,020	\$ 524,841
Mineral property acquisition costs written off	-	117,816	-	-	-	117,816
Gain from mineral property option agreements	-	-	-	488,705	-	488,705
Investment income	2,465	-	-	-	-	2,465
Amortization	8,224	-	-	6,135	-	14,359
Depreciation on right-of-use asset	45,226	-	-	-	-	45,226
Interest expense on lease liability	18,390	-	-	-	-	18,390
Net income (loss)	(368,731)	(19,108)	(28,421)	30,864	(30,620)	(416,016)
Capital expenditures*	4,416	-	-	129,656	-	134,072

*Capital expenditures consists of additions of property and equipment and exploration and evaluation assets

As at September 30, 2022	Canada	Guatemala	Mexico	Other	Consolidated
Total current assets	\$ 1,891,611	\$ 31,828	\$ 168,703	\$ 8,520	\$ 2,100,662
Total non-current assets	266,308	1	37,889	-	304,198
Total assets	\$ 2,157,919	\$ 31,829	\$ 206,592	\$ 8,520	\$ 2,404,860
Total liabilities	\$ 258,538	\$ 8,129	\$ 35,219	\$ -	\$ 301,886

As at December 31, 2021	Canada	Guatemala	Mexico	Other	Consolidated
Total current assets	\$ 2,173,862	\$ 38,224	\$ 143,323	\$ 8,281	\$ 2,363,690
Total non-current assets	313,092	-	126,771	-	439,863
Total assets	\$ 2,486,954	\$ 38,224	\$ 270,094	\$ 8,281	\$ 2,803,553
Total liabilities	\$ 300,158	\$ 1,623	\$ 1,442	\$ -	\$ 303,223

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure but has no hedge positions. As at September 30, 2022, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	September 30, 2022			December 31, 2021		
	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemalan Quetzal (CDN equivalent)	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemalan Quetzal (CDN equivalent)
Cash	\$ 1,030,910	\$ 10,579	\$ 11,277	\$ 404,866	\$ 2,341	\$ 14,507
Receivables	-	-	-	-	6,625	-
Current liabilities	(16,805)	(35,219)	(8,129)	(27,883)	-	(1,050)
	\$ 1,014,105	\$ (24,640)	\$ 3,148	\$ 376,983	\$ 8,966	\$ 13,457

Based on the above net exposures at September 30, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an approximate \$99,300 (December 31, 2021: \$39,900) increase or decrease in profit or loss, respectively.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Commodity Price Risk

The Company's royalty revenue has been derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of gold discovered or extracted. Gold prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interest cannot be accurately predicted and may be adversely affected by fluctuations in gold prices. The Company has not engaged in any hedging activities. The Company is not exposed to commodity price risk as the Company has not earned any royalty revenue during the periods ended September 30, 2022 and 2021.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be limited as it holds no assets or liabilities subject to variable rates of interest.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. A 10% decrease in fair value of the shares would result in an approximate \$21,700 (December 31, 2021: \$74,000) decrease in comprehensive income and shareholders' equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, equity investments, derivative investments and receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or equity investments that are invested in asset based commercial paper. For advances and other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2022, the Company had working capital of \$1.9 million (December 31, 2021: \$2.2 million) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms with the exception of the Company's lease liability which matures based on the lease agreement.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash and cash equivalents, receivables, deposits, and accounts payables and accrued liabilities are assumed to approximate their fair values.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The fair value investments in associates are detailed in the following table:

	September 30, 2022	September 30, 2022
	Book value	Fair value
Financial assets		
Shares held in Rackla (Note 10)	\$ 1	\$ 1,231,715

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The equity investments are based on quoted prices and are therefore considered to be Level 1. The derivative instruments are based on inputs other than quoted prices and therefore considered to be Level 3. The lease liability is based on prices and therefore considered to be Level 2. As of September 30, 2022, there was no embedded derivative on royalty income receivables derived from gold prices to include as a Level 2 measurement and therefore no fair value measurement was necessary. There were no transfers between Levels 1, 2, or 3 during the period ended September 30, 2022.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and adjusts it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has a direct or indirect interest are in the exploration or development stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, equity investments, common shares, and stock options as capital. There were no changes in the Company's approach to capital management during the period ended September 30, 2022. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.